

15/15/20

COST-PLUS-A-FIXED-FEE OPERATION CONTRACT

THIS CONTRACT, entered into this 5th day of December, 1940, by the UNITED STATES OF AMERICA, hereinafter called the Government, represented by the Contracting Officer executing this contract, and THE UNITED STATES CARTRIDGE COMPANY, BALTIMORE, MARYLAND, a corporation organized and existing under the laws of the State of Maryland, with its principal office in Baltimore, Maryland, hereinafter called the Contractor, witnesseth that:

WHEREAS, The Government contemplates entering into contracts (hereinafter referred to as the "Collateral Contracts") with other parties for the construction, including the design and engineering, and installation of manufacturing facilities incident thereto, of a plant hereinafter described in Title I; and

WHEREAS, The Government contemplates entering into a contract of even date herewith with the WESTERN CARTRIDGE COMPANY, EAST ALTON, ILLINOIS, (hereinafter referred to as "WESTERN") for management service covering supervision, direction and control of the production aspects of the layout, engineering and construction (including plant and equipment layouts) of said plant; for training of key personnel; and for procurement, supervision of layout and supervision of installation (including supervision of plans therefor) of manufacturing facilities; and

WHEREAS, The Contractor is a wholly-owned subsidiary of Western; and

WHEREAS, Western proposes to execute a performance bond running to the Government substantially similar to United States Standard Form No. 25 (Revised) in an unlimited amount to secure the performance by the Contractor of all the undertakings, covenants, terms, conditions, and agreements of this contract; and

WHEREAS, The Government desires to have the Contractor, as an independent contractor on a cost-plus-a-fixed-fee basis, make all necessary preparations for the operation of said plant, including the training of operating personnel (other than the key personnel required to be trained by Western under the terms of its contract with the Government previously referred to), but excluding the procurement and supervision of the installation of manufacturing facilities; and operate said plant; and

WHEREAS, the Accomplishment of the above-described work under a cost-plus-a-fixed-fee contract entered into after negotiations approved by the Secretary of War, and without advertising for proposals, is authorized by law; and

Site: St. Louis Ordnance Plant

ID: MO82100224645

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TITLE I

OPERATION

ARTICLE I-A - DESCRIPTION OF PLANT

The small arms ammunition (hereinafter referred to as "the Plant") to be provided under the Collateral Contracts and under the contract between the Government and Western of even date herewith shall comprise a plant located at one or more places at or near St. Louis, Missouri, for the manufacture of Caliber .30 and Caliber .50 Ammunition of certain types as specified in Article I-B (hereinafter sometimes referred to as the "Ammunition"), having a daily capacity as follows:

- 2,000,000 rounds packed and ready for shipment of Caliber .30 ammunition, of which sixty-five percent (65%) is to be Ball, twenty percent (20%) Armor Piercing, and fifteen percent (15%) Tracer Cartridges;
- 1,200,000 rounds packed and ready for shipment of Caliber .50 Ammunition, of which eighty percent (80%) is to be Armor Piercing and twenty percent (20%) Tracer Cartridges.

Said Plant shall include parts manufacturing and loading buildings, powder storage area separate from manufacturing and loading units and removed from populous area, administration buildings, training school, magazines, shops, railroads (including connections, sidings and industrial railroads), roads, curbs, sidewalks, planting, sewers, steam lines, air lines, electric lines, telephone lines, fencing, lighting, power house, water system, staff dwellings, cafeterias, guard quarters, fire fighting and housing thereof, and other buildings necessary or appropriate for a plant of the approximate capacity aforesaid, with storage buildings in connection with the manufacturing and loading units adequate for about one (1) day's supply of incoming powder and twenty (20) days' supply of other materials and about two (2) day's production of finished product. There shall be included a testing range at least 2000 yards in length with adequate safety width and length, or arrangements made for such testing elsewhere, with all necessary buildings, instruments, and equipment for testing. The powder storage area shall be of such capacity as to provide about thirty (30) days' storage of powder and about thirty (30) days' storage of finished Ammunition. The said Plant shall conform, insofar as is practicable, with the designs, drawings, specifications, details, standards and safety practices which are on file in the offices of The Quartermaster General or Chief of Ordnance.

ARTICLE I-B - STATEMENT OF WORK

1. The Contractor shall perform all organization service in connection with the planning of and the making of all necessary preparations for the operation of the Plant, including the training of operating personnel (other than the key personnel required to be trained by Western under the terms of its contract with the Government of even date herewith), in the Plant when available, or at a school to be set up under the Collateral Contracts and said Western contract, but excluding the procurement and supervision of installation of manufacturing facilities; and all other services incident to setting up an efficient and going operating force.

2. As each operating line of the Plant is completed under the Collateral Contracts and the contract with Western previously referred to, and is ready for operation, the Contractor shall proceed to operate it for the manufacture of Ammunition. When all operating lines of said Plant shall have been completed and ready for operation (irrespective of whether or not the construction and equipment of the remainder of said Plant shall have been completed) the Contractor shall so notify the Contracting Officer in writing, and the Contractor shall operate said Plant until the quantities of Ammunition listed in Section 3 of this Article I-B shall have been manufactured.

3. The Contractor agrees to manufacture, subject to the terms and conditions hereof, the following quantities of Ammunition:

(a) 150,000,000 rounds, packed and ready for shipment, Cartridges, Ball, Cal. .30 M2, as per Drawing Number B-137544, dated September 20, 1940, and drawings and specifications as listed thereon, of which a minimum of fifty per cent (50%) shall be of Aircraft Grade.

(b) 150,000,000 rounds, packed and ready for shipment, Cartridges, Armor Piercing, Cal. .30 M2, as per drawing number B-138194, dated September 20, 1940, and drawings and specifications as listed thereon, of which a minimum of seventy-five per cent (75%) shall be of Aircraft Grade.

(c) 100,000,000 rounds, packed and ready for shipment, Cartridges, Tracer, Cal. .30 M1, as per Drawing Number B-6764, dated September 20, 1940, and drawings and specifications as listed thereon, of which a minimum of sixty per cent (60%) shall be of Aircraft Grade.

(d) 280,000,000 rounds, packed and ready for shipment, Cartridges, Armor Piercing, Cal. .50 M2, as per Drawing Number C-69930, dated September 20, 1940, and drawings and specifications as listed thereon, of which a minimum of eighty-seven per cent (87%) shall be of Aircraft Grade.

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(e) 53,000,000 rounds, packed and ready for shipment, Cartridges, Tracer, Cal. .50 Ml, as per Drawing Number C-44843, dated September 20, 1940, and drawings and specifications as listed thereon, of which a minimum of eighty per cent (80%) shall be of Aircraft Grade.

While the Contractor shall make every reasonable effort to manufacture Ammunition conforming to the specifications referred to herein it is recognized that variances therefrom are unavoidable and the Contractor shall, if possible, at the direction of the Contracting Officer, re-work rejected Ammunition and shall not be responsible for Ammunition finally rejected.

The Government shall deliver to the Contractor at the time of execution of this contract copies of the above Drawing Numbers, B-137544, B-138194, B-6764, C-69930, and C-44843, all dated September 20, 1940, and drawings and specifications listed thereon, which will be identified by the signatures of the parties appearing on the copies of such Drawing Numbers in the office of the Chief of Ordnance.

4. Upon written notice to the Contractor not less than ninety (90) days before the completion of the manufacture of the total quantity of any type of Ammunition specified herein, the Government may place additional orders for any quantity of such type of Ammunition upon terms which shall be mutually agreed upon after negotiation by the parties to this agreement.

5. The Government shall furnish all smokeless powder required for the foregoing Ammunition, when and as requisitioned from time to time by the Contractor, and which will be delivered from time to time, F.O.B. said Plant, in sufficient quantities and of a satisfactory quality to enable the Contractor to carry out the delivery schedule for loaded Ammunition established from time to time by the Contractor with the approval of the Contracting Officer; Provided, however, that if at any time during the period of operation under this Title I, the smokeless powder manufactured by Western shall be approved by the Government for use in the manufacture of Ammunition under Government specifications, the Government may require the Contractor to furnish such powder manufactured by Western as may be required for the purposes of this contract, under terms and conditions to be mutually agreed upon after negotiations between the parties hereto. The Contractor shall be under no obligation to accept or to store or permit to be stored at said Plant any explosives which in the opinion of the Contractor would render the work to be done by the Contractor herewith or the operations at said Plant hazardous beyond what is usual in the normal operation of an ammunition plant of the type provided for herein.

6. It is understood and agreed that in the manufacture of Ammunition provided for in this Title I, the contractor will not manufacture at the Plant the Armor Piercing Cores necessary for the Ammunition provided for in items (b) and (d) of Section 3 of this Article I-B. Such Cores shall be procured by the Contractor from commercial sources, Provided, however, that if the Contractor encounters difficulty in procuring such cores, it will apply to the Chief of Ordnance for assistance.

7. The Government reserves the right to furnish any materials necessary for the operation of the Plant, upon so notifying the Contractor prior to any commitment by the latter therefor. In the operation of the Plant the Contractor shall be free (but shall not be obligated), to use any materials of its own or Western's manufacture, upon advising the Government in advance as to the prices at which and the conditions upon which such materials will be supplied. In the event the Government is able to obtain material of equal quality and quantity at a lower price or on more favorable conditions from any responsible competitive source or from its own manufacture, it may undertake to do so upon so informing the Contractor within ten (10) days after being advised of the Contractor's or Western's price for such material, the Contractor or Western first having the right to meet such lower price or more favorable conditions.

8. The Contractor shall be under no obligation to operate said Plant or any part thereof under this Title I if in its opinion such operation would be hazardous beyond what is usual in the normal operation of an ammunition plant of the type provided for herein, due to the manner in which the same has been constructed and equipped by the Construction Contractor under the Collateral Contracts.

9. It is the understanding of the parties hereto, and the intention of this contract, that all work, including the handling of funds, under this Title I is to be performed at the expense and risk of the Government and that the Government shall indemnify and hold the Contractor harmless against any loss, expense, damage or liability of any kind whatsoever arising out of or in connection with the performance of the work under this Title I, except to the extent that such loss, expense, damage or liability is due to the personal failure on the part of the corporate officers of the Contractor or of other representatives of the Contractor having supervision and direction of the operation of the Plant as a whole, to exercise good faith or that degree of care which they normally exercise in the conduct of the Contractor's business.

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ARTICLE I-C - ESTIMATES

It is estimated that the total cost of the Contractor's performance under Title I of this contract will be approximately Eighty Seven Million Two Hundred Seventy Nine Thousand Seven Hundred Ninety Dollars (\$87,279,790.00), exclusive of the Contractor's fee, and that the total quantity of Ammunition to be manufactured under this Title, I will have been delivered to the Government within twenty-five (25) months from the signing of this contract. It is expressly understood, however, that the Contractor does not guarantee the correctness of these estimates. The estimates set forth above are based upon the estimates agreed to by both the Government and the Contractor, copies of which are on file in the office of the Chief of Ordnance.

ARTICLE I-D - CONSIDERATION

In consideration for its undertaking under this Title I the Contractor shall receive the following which shall constitute complete compensation for the Contractor's services under this Title I, including profit:

1. Reimbursement for expenditures as provided in Title II.
2. Fixed-fees as listed below for operation of the Plant which fees shall constitute compensation for the Contractor's services under this Title I, including profit.
 - (a) Two Dollars (\$2.00) fixed-fee per 1000 rounds packed and ready for shipment for the cartridges, Ball, Cal. .30 M2; and
 - (b) Three Dollars and Sixty Cents (\$3.60) fixed fee per 1000 rounds packed and ready for shipment for the Cartridges, Armor Piercing, Cal. .30 M2; and
 - (c) Three Dollars (\$3.00) fixed-fee per 1000 rounds packed and ready for shipment for the Cartridges, Tracer, Cal. .30 M1; and
 - (d) Eleven Dollars (\$11.00) fixed-fee per 1000 rounds packed and ready for shipment for the Cartridges, Armor Piercing, Cal. .50 M2; and
 - (e) Ten Dollars (\$10.00) fixed-fee per 1000 rounds packed and ready for shipment for the Cartridges, Tracer, Cal. .50 M1.
3. The above fees shall apply on all cartridges used by the Government in its independent testing in connection with lots

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ARTICLE I-E - AUTHORITY OF THE CONTRACTOR

In carrying out the work under this Title I the Contractor is authorized to do all things necessary or convenient in and about the operating and closing down of the Plant, or any part thereof, including (but not limited to) the employment of all persons engaged in the work hereunder, (who shall be subject to the control and constitutes employees of the Contractor), the providing of all materials except such materials as the Government is to furnish or supply, as elsewhere specifically provided herein the storage of raw materials and supplies and of finished Ammunition to the extent of the storage facilities at said Plant, and the loading of Ammunition on cars or other carriers in accordance with the Government's shipping instructions.

ARTICLE I-F - CONTRACTOR'S INSPECTION SYSTEM

The Contractor shall maintain a satisfactory system of inspection, gaging and gage checking concurrent with manufacture, and no ordnance material shall be submitted for the Government inspector's approval which has not previously been inspected by agents of the Contractor and found to be up to the contract standard.

TITLE 11

COST OF THE WORK AND PAYMENT THEREFOR

ARTICLE 11-A - REIMBURSEMENT FOR CONTRACTOR'S EXPENDITURES

1. The Government shall bear all costs and expenses of every character and description incurred by the Contractor under this contract, when approved in advance or subsequently ratified by the Contracting Officer, which costs and expenses shall include but shall not be limited to the following items, to wit:

(a) All labor (including guards and fire protection forces), materials, tools, machinery, equipment, designs, plans, supplies, services, power and fuel necessary for either temporary or permanent use for the benefit of the work under this contract.

(b) All subcontracts made in accordance with the provisions of Title I.

(c) Transportation charges on materials, supplies and equipment, including loading and unloading, necessary storage, and transportation charges prepaid by the Contractor on outgoing shipments.

(d) Expenses of procuring labor and expediting the production and transportation of material and equipment.

(e) Salaries of resident engineers, superintendents, timekeepers, accountants, foremen and all other employees of the Contractor in connection with the work. In case the full time of any employee of the Contractor is not applied to the work, his salary shall be included in this item only in proportion to the actual time applied thereto. It is recognized that in transferring men from their regular positions to the Plant, it may be necessary to make some increase in their remuneration, which shall be subject to the approval of the Contracting Officer.

(f) Premiums on such bonds as may be required under Section 4 of Article III-F and under the provisions of Article II-C and such insurance policies as may be required under this contract; the cost of all public liability, employer's liability, workmen's compensation, fidelity, fire, theft, burglary and other insurance that the Contracting Officer may approve as reasonably necessary for the protection of the Contractor.

(g) Losses and expenses, not compensated by insurance or otherwise (including settlements of claims between the Contractor and third parties, made with the written consent of the Contracting Officer), actually sustained by the Contractor in connection with the work and found certified by the Contracting Officer as not being due to the personal failure on the part of the corporate officers of

the Contractor or of other representatives of the Contractor having supervision and direction of the operation of the Plant as a whole, to exercise good faith or that degree of care which they normally exercise in the conduct of the Contractor's business.

(h) The cost of reconstructing and replacing any of the work destroyed or damaged, and not compensated by insurance, but expenditures under this item must have the written authorization of the Contracting Officer in advance. Such reconstruction or replacing shall be considered as additional work under the provisions of Article III-Q.

(i) Payments made by the Contractor under the Federal Social Security Act (employer's contributions), and any applicable state or local taxes, permits, license fees, or other charges which the Contractor may be required to pay on account of or in connection with the work under this contract; and, if approved in writing by the Contracting Officer in advance, royalties on patents, including those owned by the Contractor; and expenses incident to patent searches which may be necessary under the provisions of Article III-R hereof.

(j) Such portion of the transportation, traveling and hotel expense of engineers and other employees of the Contractor as is actually incurred in connection with this work; and, when approved in advance in writing by the Contracting Officer in specific cases, all costs and expenses reimbursed to employees transferred to or from the Plant on account of transportation and living expenses of themselves and their families, losses due to sale of homes at less than the appraisal value as fixed by the Contractor in handling similar matters concerning its employees, unexpired leases, and living expenses while obtaining new residences. It is agreed that all allowances of cost under this item shall conform to and not exceed the ordinary allowances authorized by the Contractor for its employees in the normal conduct of its business.

(k) General administrative and other general expenses of the Contractor (other than expenses which are directly attributable to the work hereunder and are covered by other paragraphs of this Section 1 of Article II-A) deemed for the purpose of this contract to be incident to the operation of the Plant under this contract in the amount of Sixty Thousand Six Hundred Fifteen Dollars (\$60,615.00) per month throughout the period required for production of the Ammunition listed in Section 3 of Article I-B of Title I, but such monthly payments shall be made at the close of the first calendar month during which any completed Ammunition is manufactured by the Contractor in the Plant. Should the period required for production of Ammunition under the terms of this agreement extend beyond the due date of the twentieth payment hereunder, the

amount of the monthly payment provided in this paragraph (k) shall be renegotiated by the parties hereto.

(l) While the Contractor shall make every reasonable effort to manufacture Ammunition conforming to the specifications referred to in Article I-B, hereof, it is recognized that variances therefrom are unavoidable and the Contractor shall be allowed all costs determined in accordance with this Article II-A for Ammunition reworked because of rejection and for Ammunition finally rejected.

(m) Extra compensation to employees, any discontinuance wages, charges under and a proportionate share of the cost of welfare and other employee relations plans maintained by the Contractor to the extent that such plans are made applicable to its employees at said Plant. In the payment of extra compensation and in the making of expenditures pursuant to or in the maintenance of welfare or other plans for the benefit of employees at said Plant, the Government shall be chargeable therefor, when expressly authorized in writing by the Contracting Officer, insofar as the same are consistent with the Contractor's general employee relations policies throughout its organization, or are incurred pursuant to agreement made as a result of collective bargaining with representatives of employees, it being intended that the employees at said Plant shall be treated no less favorably than employees at other plants in the Contractor's organization.

(n) Accounting (including salaries and other expenses) in connection with special audits of accounts for the Government in connection with the work hereunder.

(o) Expenses in connection with any temporary or permanent closing down of the Plant.

(p) All costs and expenses of every kind and description incurred in the operation of the hospital, cafeteria, or any other facilities operated by the Contractor in connection with the work.

(q) It is recognized by the parties hereto that most of the operating personnel (other than the key personnel required to be trained by Western under its contract with the Government of even date herewith) of the Plant will have to be trained to some extent, at a school for this purpose to be set up at or near the site of the Plant or in the Plant. For the expenses of training personnel at the school referred to herein or at the Plant the Contractor shall be reimbursed in accordance with the provisions of this Section 1 of Article II-A.

(r) Such other items as should, in the opinion of the Contracting Officer, be included in the cost of the work. When such an item is allowed by the Contracting Officer, it shall be specifically certified as being allowed under this paragraph.

2. The Government reserves the right to pay directly to persons concerned all sums due from the Contractor for labor, materials, or other charges.

3. No salaries of the Contractor's executive officers, no part of the expense incurred in conducting any main office which the Contractor may have elsewhere than at the Plant, no part of the expense incurred in conducting the Contractor's regularly established branch offices, and no overhead expenses of any kind, except as specifically authorized in Section 1 of this Article II-A shall be included in the cost of the work; nor shall any interest on capital employed or on borrowed money be included in the cost of the work.

4. The Contractor shall, to the extent of its ability, take all cash and trade discounts, rebates, allowances, credits, salvage, commissions and direct bonifications, and when unable to take advantage of such benefits, it shall promptly notify the Contracting Officer to that effect and the reason therefor. In determining the actual net cost of articles and materials of every kind required for the purpose of this contract, there shall be deducted from the gross cost thereof all cash and trade discounts, rebates, allowances, credits, salvage, commissions and direct bonifications which have accrued to the benefit of the Contractor. Any such benefits lost shall be deducted from gross costs to the extent that their loss is due to the personal failure on the part of the corporate officers of the Contractor or of other representatives of the Contractor having supervision and direction of the operation of the Plant as a whole, to exercise good faith or that degree of care which they normally exercise in the conduct of the Contractor's business. Any such benefits lost through the fault of the Government or lost through compliance with the provisions of Section 5 of Article II-C shall not be deducted from gross costs.

5. All revenue from the operations of the hospitals, cafeteria, and all other facilities, or from rebates, discounts, refunds, and the like, shall be accounted for by the Contractor and applied in reduction of the cost of the work under this Title II.

ARTICLE II-B - PAYMENTS

1. Reimbursement for Cost.

(a) All payments hereunder shall be subject to the provisions of Section 2 of Article II-C.

(b) The Government shall currently reimburse the Contractor for expenditures made in accordance with Article II-A of this Title II upon certification to and verification by the Contracting Officer of the original certified payrolls for labor, or the original paid invoices for materials, or other original papers, or other evidence satisfactory to the Contracting Officer. Except as otherwise provided

in Section 1 of Article 11-A, reimbursement will be made weekly but may be made at more frequent intervals if the conditions so warrant.

2. Payment of the Fixed-Fee.

The fixed-fee provided for in Title I shall be paid monthly as it accrues, dependent upon the quantities and types of Ammunition produced and accepted. If the Contract is terminated due to the fault of the Contractor, no additional payment on account of the fixed-fee will be made.

3. Payments by Contractor.

If any bills for the purchase of material, machinery or equipment, or payrolls covering employment of laborers or mechanics, incurred by the Contractor or by any Sub-Contractor hereunder are not promptly paid by the Contractor or Sub-Contractor as the case may be, and should the Contractor neglect or refuse to pay such bills or payrolls or to direct any Sub-Contractor to pay such bills or payrolls within five (5) days after notice from the Contracting Officer so to do, the Government shall have the right, provided the same are not disputed in good faith by the Contractor or Sub-Contractor, to pay such bills or payrolls directly.

4. Failure of Government to Make Payments.

In the event of failure of the Government to make any payments or advances as provided in this Title II (other than by reason of normal delay in the payment of current expenditures incident to the checking by the disbursing officer of statements of such expenditures), the Contractor may suspend its performance, hereunder until the full amount of any deficiency shall have been paid. The exercise of this right shall be without prejudice to any other rights or remedies of the Contractor on account of such failure by the Government; and failure of the Contractor to exercise such right shall not constitute a waiver thereof with respect to any continuing or subsequent failure on the part of the Government.

ARTICLE 11-C - ADVANCES

1. At any time, and from time to time, after the execution of this Contract, the Government, at the request of the Contractor, and subject to the approval of the Chief of Ordnance as to the necessity therefor, shall advance to the Contractor without payment of interest thereon by the Contractor, a sum not in excess of thirty percent (30%) of the estimated cost of the work under this contract (as increased or decreased pursuant to the Provisions of Article 111-Q of Title 111). When approximately sixty (60) percent of said estimated cost (as increased or decreased pursuant to the provisions of Article 111-Q of Title 111) shall have been paid under Section 1 of Article 11-B, a revised estimate of such costs shall be made by the Contractor; and if it appears that the then estimated

cost exceeds the amount of the original estimate (increased or decreased as provided above), and the revised estimate is approved by the Chief of Ordnance, the Government shall under the conditions stated above advance to the Contractor without interest, not to exceed thirty per cent (30%) of such excess. Such advance of advances shall be made in each case upon the furnishing of such surety bonds in such penal sums not exceeding the total aggregate advance as the Secretary of War may prescribe; provided that the Secretary of War shall have prescribed the furnishing of a surety bond in connection with such advances as security additional to that provided for in this contract; and provided, further, that if at any time the Secretary of War deems the security for ~~any~~ advance or advances theretofore made inadequate, the Contractor shall furnish on demand such other security, in the form of a surety bond or surety bonds, as will be satisfactory to the Secretary of War; but at no time shall the Contractor be required to maintain in force a surety bond or surety bonds, the total aggregate penal sums of which exceed the aggregate amount of the advances authorized by the Secretary of War under this contract. It is understood that the Government will advance to the Contractor, pursuant to this Article 11-C, the sums currently necessary to the Contractor, for working capital, to carry on the work contemplated under this contract, not in excess of 30% of the estimated cost of such work.

2. Whenever there shall be paid to the Contractor, pursuant to section 1 of Article 11-B of this contract reimbursement which, when added to the advance payment or payments made pursuant to Section 1 of this Article 11-C, shall equal the full amount of the estimated cost of said work under this contract (as increased or decreased pursuant to the provisions of Section 1 of this Article 11-C), no additional payment on account of said work shall be made to the Contractor by the Government until said advance payments are expended; provided, however, that if the total cost of the work shall be in excess of the amount so paid to the Contractor including said advance payments, the Government, upon presentation of satisfactory evidence, shall currently and promptly reimburse the Contractor to the extent of such excess cost (subject to any delay in the availability of appropriated funds); provided, further, that if upon termination of the contract for other than the fault of the Contractor there shall remain due the Government from the Contractor any sum theretofore advanced by the Government under this contract and not fully liquidated as above provided the same shall be deducted from any payments due the Contractor and any remaining balance of such sums shall be returned to the Government forthwith after final audit by the Government of all accounts hereunder.

3. In the event of cancellation or termination of this Contract because of the fault of the Contractor, the Contractor agrees to return to the Government, upon demand, without set-off of any sum alleged to be due the Contractor, the outstanding balance of any advance payment. Furthermore, if, in the opinion of the Chief of Ordnance, the unliquidated balance of the advance or advances made by the Government under

this contract exceeds the amount necessary for the current needs of the Contractor, as determined by the Chief of Ordnance, the amount of such excess shall, upon demand made by the Chief of Ordnance, be promptly returned to the Government and will be credited against the balance due the Government for advances previously made. If the demand made in either event set forth above is not met within fifteen (15) days after the receipt of such demand by the Contractor, the amount demanded will bear interest at the rate of six per cent (6%) per annum from the date of the demand until payment is made.

4. All funds received as advance payments under this contract, together with all funds received as reimbursements for the cost of the work under Article 11-B of this contract, shall be deposited in a special bank account or accounts separate from the Contractor's general or other funds. Such special bank account or accounts shall be so designated as to indicate clearly to the bank their special character and purpose and shall be used by the Contractor exclusively as a revolving fund for carrying out the purposes of this contract, and not for the general business of the Contractor. Balances in such special account or accounts shall at all times secure the repayment of such advances in connection with which this special account or accounts are opened, and the Government shall have a lien upon such balances to secure the repayment of such advances, which lien shall be superior to any lien of the bank upon such account or accounts by virtue of assignment to it of such contract or otherwise. Provided, however, that any bank in which such funds are deposited shall have no obligation whatever with respect to the use or disposition by the Contractor of funds withdrawn from such account or accounts or be liable for misuse by the Contractor of funds withdrawn prior to the receipt by such bank of notice from the Ordnance Department or the order of a court of competent jurisdiction directing it to refrain from permitting withdrawals by the Contractor. The Contracting Officer shall at all times be afforded proper facilities for inspection and audit of such special bank account or accounts.

5. The Contractor shall not pay to any third party for services in advance nor pay for materials or supplies in advance of delivery at the side of the work or at an approved storage site, any of the sums previously advanced to it by the Government under the provisions of this contract without the prior written approval of the Contracting Officer.

TITLE 111

GENERAL PROVISIONS

ARTICLE 111-A - STATUS OF CONTRACTOR

It is expressly understood and agreed by the Contractor and the Government that in the performance of the work provided for in this contract, the Contractor is an independent contractor and in no wise an agent of the Government.

ARTICLE 111-B - TERMINATION OF CONTRACT BY GOVERNMENT

1. Should the Contractor at any time refuse, neglect, or fail to prosecute the work with promptness and diligence, or default in the performance of any of the agreements herein contained, or should conditions arise which make it advisable or necessary in the interest of the Government to cease work under this contract, the Government may terminate this contract by reasonable notice in writing from the Contracting Officer to the Contractor. Such termination shall be effective in the manner and upon the date specified in said notice and shall be without prejudice to any claims which the Government may have against the Contractor. Upon receipt of such notice the Contractor shall, unless the notice directs otherwise, immediately discontinue all work and the placing of all orders for materials, facilities and supplies in connection with performance of this contract and shall proceed promptly to notify all vendors with whom the Contractor has placed orders to cease work on such orders and notify all Sub-Contractors to terminate work under all Sub-Contracts insofar as such orders or work are chargeable to this contract; Provided, however, that if termination is based on the advisability or necessity of ceasing work under this contract in the interest of the Government, the termination notice shall specify that the Contractor be permitted to operate the Plant for one hundred and sixty (160) working hours (which is estimated as the time necessary for the completion of Ammunition in process of manufacture: after the delivery of such notice to the Contractor.

2. If this contract is terminated due to the fault of the Contractor, the Contracting Officer may enter upon the premises and take possession of the Plant and all manufacturing facilities, materials, work finished or in process, and supplies, title to which has been acquired by the Government under this contract.

3. Upon the termination of this contract as hereinbefore provided, full and complete settlement of all claims of the Contractor arising out of this contract shall be made as follows:

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WASHINGTON, D.C.

(a) The Government shall assume and become liable for all obligations, commitments and claims that the Contractor may have theretofore in good faith undertaken or incurred in connection with said work and in accordance with the provisions of this contract; and the Contractor shall as a condition of receiving the payment mentioned in this Article, execute and deliver all such papers and take all such steps as the Contracting Officer may require for the purpose of fully vesting in the Government the rights of the Contractor under such obligations or commitments.

(b) The Government shall reimburse the Contractor for all expenditures made in accordance with Title 11, not previously reimbursed, and except as otherwise provided in this contract shall pay to the Contractor all fees and lump-sum payments which have accrued at the date of termination.

(c) If this contract is terminated for the convenience of the Government, the Government shall reimburse the Contractor for such further expenditures after the date of termination for the protection of Government property and for accounting services in connection with the settlement of this contract and other expense incident thereto as the Contracting Officer may approve.

(d) The obligation of the Government to make any of the payments required by this contract, shall be subject to any unsettled claims for labor or material or any claim the Government may have against the Contractor under this contract.

ARTICLE 111-C - General

1. The Contracting Officer may require the Contractor to dismiss from the work any employee the Contracting Officer deems incompetent or whose retention is deemed to be not in the public interest, subject however to appeal under the provisions of Article 111-0 for reinstatement of such employee.

2. ~~At~~ all times the Contractor will use all ~~reasonable~~ efforts in all sets hereunder to protect and subserve the interest of the Government.

3. At all times during the progress of the work, the Contractor will keep at the Plant a duly appointed and qualified representative who shall receive on the part of the Contractor such notices and other communications as the Contracting Officer may give.

ARTICLE 111-D - WALSH HEALEY ACT

1. The following representations and stipulations pursuant to the Walsh-Healey Public Contracts Act (Act of June 30, 1936; 49 Stat. 2036; 41 USC 35-45), shall apply to the performance of this contract:

(a) The Contractor is the manufacturer of or a regular dealer in the materials, supplies, articles, or equipment to be manufactured or used in the performance of the contract.

(b) All persons employed by the Contractor in the manufacture or furnishing of the materials, supplies, articles, or equipment used in the performance of the contract will be paid, without subsequent deduction or rebate on any account, not less than the minimum wages as determined by the Secretary of Labor to be the prevailing minimum wages for persons employed on similar work or in the particular or similar industries or groups of industries currently operating in the locality in which the materials, supplies, articles, or equipment are to be manufactured or furnished under the contract: Provided, however, that this stipulation with respect to minimum wages shall apply only to purchases or contracts relating to such industries as have been the subject matter of a determination by the Secretary of Labor.

(c) No person employed by the Contractor in the manufacture or furnishing of the materials, supplies, articles, or equipment used in the performance of the contract shall be permitted to work in excess of 8 hours in any 1 day or in excess of 40 hours in any 1 week, unless such person is paid such applicable overtime rate as has been set by the Secretary of Labor.

(d) No male person under 16 years of age and no female person under 18 years of age and no convict labor will be employed by the Contractor in the manufacture or production or furnishing of any of the materials, supplies, articles, or equipment included in the contract.

(e) No part of the contract will be performed nor will any of the materials, supplies, articles, or equipment to be manufactured or furnished under said contract be manufactured or fabricated in any plants, factories, buildings, or surroundings or under working conditions which are unsanitary or hazardous or dangerous to the health and safety of employees engaged in the performance of the contract. Compliance with the safety, sanitary, and factory inspection laws of the State in which the work or part thereof is to be performed shall be prima facie evidence of compliance with this subsection.

(f) Any breach or violation of any of the foregoing representations and stipulations shall render the party responsible therefor liable to the United States of America for liquidated damages, in addi-

tion to damages for any other breach of the contract, in the sum of \$10 per day for each male person under 16 years of age or each female person under 18 years of age, or each convict laborer knowingly employed in the performance of the contract, and a sum equal to the amount of any deductions, rebates, refunds, or underpayment of wages due to any employee engaged in the performance of the contract; and, in addition, the agency of the United States entering into the contract shall have the right to cancel same and to make open-market purchases or enter into other contracts for the completion of the original contract, charging any additional cost to the original Contractor. Any sums of money due to the United States of America by reason of any violation of any of the representations and stipulations of the contract as set forth herein may be withheld from any amounts due on the contract or may be recovered in a suit brought in the name of the United States of America by the Attorney General thereof. All sums withheld or recovered as deductions, rebates, refunds, or underpayments of wages shall be held in a special deposit account and shall be paid, on order of the Secretary of Labor, directly to the employees who have been paid less than minimum rates of pay as set forth in such contracts and on whose account such sums were withheld or recovered: Provided, that no claims by employees for such payments shall be entertained unless made within 1 year from the date of actual notice to the Contractor of the withholding or recovery of such sums by the United States of America.

(g) The Contractor shall post a copy of the stipulations in a prominent and readily accessible place at the site of the contract work and shall keep such employment records as are required in the Regulations under the act available for inspection by authorized representatives of the Secretary of Labor.

"(h) The foregoing stipulations shall be deemed inoperative if this contract is for a definite amount not in excess of \$10,000.00."

2. Stipulation (b) of section 1 of this Article 111-D with respect to wages is operative due to determination by the Secretary of Labor of prevailing minimum wage rates for the industry involved.

ARTICLE 111-E - NEUTRALITY ACT

Subsection 12 (g) of the Joint Resolution approved by the President, November 4, 1939, provides:

"No purchase of arms, ammunition, or implements of war shall be made on behalf of the United States by any officer, executive department, or independent establishment of the Government from any person who shall have failed to register under the provisions of this joint resolution."

A copy of the Contractor's Certificate of Registration shall be filed in the office of the Chief of Ordnance.

ARTICLE 111-F - SPECIAL PROVISIONS

1. The extent and character of the work to be done by the Contractor under this contract shall be subject to the approval of the Contracting Officer. In the event that there should be any dispute with regard to the extent and character of the work to be done, the decision of the Contracting Officer shall govern, but the Contractor shall have the right of written appeal pursuant to the provisions of Article 111-O of this Title 111.

2. The Government shall furnish the Contractor such available schedules of preliminary data, and other available information respecting the work to be done under this contract, and shall make available to the Contractor such Government designs, drawings, specifications, details, standards and safety practices as are on hand in the office of The Quartermaster General or the Chief of Ordnance and which are applicable to the work to be done under this contract.

3. The title to all work under this contract, completed or in the course of construction or manufacture, and to all the ammunition manufactured or in the process of being manufactured, shall be in the Government. Likewise, upon delivery at the site of the work, or at an approved storage site, title to all purchased materials, tools, machinery, equipment and supplies, for which the Contractor shall be entitled to be reimbursed under Title 11 hereof, shall vest in the Government. The Government shall bear all risk incident to such ownership. These provisions as to title being vested in the Government shall not operate however, to relieve the Contractor from any duties imposed upon it under the terms of this contract.

4. The Contractor hereby agrees that it will:

(a) Procure and thereafter ~~maintain~~ such surety bonds and insurance in such forms and in such amounts and for such periods of time as the Contracting Officer may require in writing, provided same are obtainable.

(b) Procure all necessary permits and licenses whenever obtainable; obey and abide by all applicable laws, regulations, ordinances and other rules of the United States of America, of the State, Territory or sub-division thereof wherein the work is done, or of any other duly constituted public authority.

(c) Unless the provisions of this paragraph (c) are waived in writing by the Contracting Officer, reduce to writing every contract in excess of Two Thousand (\$2,000.00) made by it for the purpose of the work under this contract for services (except contracts for employment), materials, supplies, machinery, or equipment, or for the use thereof; insert therein a provision that such contract is

assignable to the Government; make all such contracts in its own name, and not bind or purport to bind the Government or the Contracting Officer thereunder.

(d) Enter into no sub-contract for any portion of the work without the written approval of the Contracting Officer. Sub-contracts are defined as contracts entered into by the Contractor with others which involve the performance, wholly or in part, at the site of the work, of some part of the work described in Article 1-B of Title I.

5. If the performance of any work under this contract is interrupted or prevented by reason of inability to obtain equipment or essential materials to be used in the manufacture of the Ammunition, or by reason of labor shortage or labor disputes, from whatever cause arising, and whether or not the demands of the employees involved shall be reasonable and within the Contractor's power to concede, or by reason of fire, explosion, accident, sabotage, or any cause beyond its control, whether of a nature similar or dissimilar to those hereinbefore set forth, the Contractor shall be excused from performing work of manufacturing Ammunition while or to the extent that it is prevented from so doing by one or more of such causes, and all such work shall be performed and such Ammunition shall be manufactured as soon as practicable after such disability is removed. It is further understood and agreed that the Contractor shall not be liable for any failure or delay in the performance of this contract, or accountable for the loss or destruction of or damages to any materials, tools, machinery, equipment, supplies, Ammunition or other property located or stored at said Plant or used in connection with the operation thereof except to the extent that such failure, delay, loss, destruction or damage is due to the personal failure on the part of the corporate officers of the Contractor or of other representatives of the Contractor having supervision and direction of the operation of the Plant as a whole, to exercise good faith or that degree of care which they normally exercise in the conduct of the Contractor's business.

ARTICLE 111-G - RECORDS AND ACCOUNTS - INSPECTION AND AUDIT

1. The Contractor agrees to keep records and books of account on a recognized cost-accounting basis, showing the actual or agreed cost to it of all items of labor, materials, equipment, supplies, services, and other expenditures of whatever nature for which reimbursement is authorized under the provisions of this contract. The system of accounting to be employed by the Contractor shall be such as is satisfactory to the Contracting Officer.

2. The Contracting Officer shall at all times be afforded proper facilities for inspection of the work and of the special bank account or accounts provided for in Article 11-C of Title 11, and shall at all times have access to the premises, work and materials, to all books, records, correspondence, instructions, plans, drawings, receipts, vouchers and memoranda of every description of the Contractor pertaining to said work; and the Contractor shall preserve for a period of three (3) years after completion or termination of this contract, all the books, records and other papers herein mentioned, but the Government undertakes and agrees that final audit of the accounts for each calendar year shall be made by the Government not later than six months after the end of each such year.

3. Any duly authorized representative of the Contractor shall be accorded the privilege of examining the books, records and papers of the Contracting Officer relating to the cost of the work for the purpose of checking up and verifying such cost.

ARTICLE 111-H - PREFERENCE FOR DOMESTIC ARTICLES

1. In the performance of the work covered by this contract the Contractor, sub-contractors, materialmen or suppliers, shall use ~~only~~ such unmanufactured articles, materials, and supplies as have been mined or produced in the United States, and only such manufactured articles, materials, and supplies as have been manufactured in the United States substantially all from articles, materials, or supplies mined, produced, or manufactured, as the case may be, in the United States. The foregoing provision shall not apply to such articles, materials, or supplies of the class or kind to be used or such articles, materials, or supplies from which they are manufactured, as are not mined, produced, or manufactured, as the case may be, in the United States in sufficient and reasonably available commercial quantities and of a satisfactory quality, or to such articles, materials, or supplies as may be excepted by the head of the department under the provisions of Title 111, section 3, of the Act of March 3, 1933, 47 Stat. 1520 (US Code, Title 41, section 10b).

2. Inasmuch as the materials listed below or the materials from which they are made are not mined, produced or manufactured, as the case may be, in the United States in sufficient and reasonably available commercial quantities and of satisfactory qualities, their use in the work herein specified is hereby authorized without regard to the country of origin:

Asbestos	Chromium	Nickel	Silk
Balsa Wood	Cork	Nickel Alloy	Sisal
China Wood Oil	Iridium	(Monel Metal)	Teak Wood
(Tung Oil)	Jute	Platinum	Tin
	Kaurigum	Rhodium	
	Lac	Rubber	

Articles, materials, or supplies made in the United States and containing mercury, antimony, Tungsten or mica of foreign origin may be used (subject to the requirements of applicable specifications) in the work herein specified, if such manufactured articles, materials, or supplies have been made in the United States substantially all from articles, materials, or supplies mined, produced or manufactured, as the case may be, in the United States.

ARTICLE 111-1 - CONVICT LABOR

The Contractor shall not employ any person undergoing sentence of imprisonment at hard labor.

ARTICLE 111-J - WORKMEN'S COMPENSATION LAWS

The Act of June 25, 1936 (49 Stat. 1938, 1939: 40 USC 290), provides that the several States have authority to make their Workmen's Compensation Laws applicable to contracts for the construction, alteration or repair of a public building or public work of the United States, and the several States are vested with the power and authority to enforce such State Laws on lands of the United States.

ARTICLE 111-K - ACCIDENT PREVENTION

The Contractor shall, at all times, exercise reasonable precautions for the safety of employees on the work and shall comply with all applicable provisions of Federal, State, municipal and local safety laws and building and construction codes.

ARTICLE 111-L - OFFICIALS NOT TO BENEFIT

No member of or Delegate to Congress, or Resident Commissioner, shall be admitted to any share or part of this Contract or to any benefit that may arise therefrom, but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

ARTICLE 111-M - APPROVAL REQUIRED

This contract shall be subject to the written approval of the Secretary of War and shall not be binding until so approved. The date of such approval shall be considered the date of this contract, anything to the contrary herein, notwithstanding.

ARTICLE 111-N - CONVENT AGAINST CONTINGENT FEES

The Contractor warrants that he had not employed any person to solicit or secure this contract upon any agreement for a commission, percentage, brokerage or contingent fee. Breach of this warranty

shall give the Government the right to terminate the contract, or in its discretion, to deduct from payments due the Contractor the amount of such commission, percentage, brokerage or contingent fee. This warranty shall not apply to commissions payable by Contractor upon contracts or sales secured or made through bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business.

ARTICLE 111-O - DISPUTES

Except as otherwise specifically provided herein, all disputes concerning questions of fact arising under this contract shall be decided by the Contracting Officer, subject to written appeal by the Contractor within 30 days to the Chief of Branch concerned or his duly authorized representative, whose decision shall be final and conclusive upon the parties hereto, when the amount involved is \$15,000 or less. When the amount involved is more than \$15,000, the decision of the Chief of Branch shall be subject to written appeal within 30 days by the Contractor to the Secretary of War or his duly authorized representative, whose decision shall be final and conclusive upon the parties hereto. The Contracting Officer, the Chief of Branch, and the Secretary of War shall act with reasonable promptness in such matters. In the meantime, the Contractor shall proceed diligently with the work. Nothing in this Article 111-O shall be construed to deprive the Contractor of its legal remedies.

ARTICLE 111 P - CONTRACTOR'S ORGANIZATION AND METHODS

Within a reasonable time after the execution of this contract, the Contractor shall submit to the Contracting Officer a chart showing the executive and administrative personnel to be regularly assigned for full or part-time service in connection with the work under this contract, together with a written statement of the duties of each person and the administrative procedure to be followed by the Contractor for the control and direction of the work; and the data so furnished shall be supplemented as additional pertinent data become available. There shall also be submitted to the Contracting Officer by the Contractor, charts of the various field organizations showing all personnel, other than artisans, mechanics, helpers, and laborers to be assigned for full or part-time service outside of the central-office organization together with a written statement of the duties and rates of pay of each person and the procedure proposed to be followed by the Contractor for the accomplishment of all field work, including temporary requirements; and the data so furnished shall be supplemented as additional pertinent data become available. Statements of procedure shall include purchasing, disbursing, accounting, transportation, storage, employment, housing, sanitation, subsistence, recreation, and similar essential activities and methods.

ARTICLES III-Q - CHANGES

The Contracting Officer may, at any time, by a written order and without notice to the sureties, make changes in or additions to the drawings and specifications, issue additional instructions, require additional work (subject to the provisions of section 4 of Article I-B hereof), or direct the omission of work covered by the contract. If such changes cause a material increase or decrease in the amount or character of the work to be done under this contract, or in the time required for its performance, an equitable adjustment of the amount of the fixed-fee or lump-sum to be paid to the Contractor shall be made and the contract shall be modified in writing accordingly. Any claims for adjustment under this Article must be asserted within 30 days from the date the change is ordered: Provided, however, that the Contracting Officer, if he determines that the facts justify such action, may receive and consider, and with the approval of the Chief of Branch, adjust any such claim asserted at any time prior to the date of final settlement of the contract. If the parties fail to agree upon the adjustment to be made the dispute shall be determined as provided in Article III-O hereof. But nothing provided in this article shall excuse the Contractor from proceeding with the prosecution of the work so changed.

ARTICLE III-R - PATENTS AND PROCESSES

The Contractor, during the performance of this contract, shall hold and save the Government, its officers, agents, servants and employees, harmless from liability of any nature or kind, including costs and expenses, for and on account of any invention, article (except ammunition, or materials supplied by the Government), or appliances manufactured or used in the performance of this contract (except appliances heretofor used by the Government) upon which letters patent have been issued prior to their manufacture or use in the performance of this contract, including their use by the Government at the plant; and the Contractor hereby grants to the Government a perpetual royalty free license to practice in the Plant, but not elsewhere, and then only for purposes of National Defense, all patented inventions, secret processes, technical information and know-how owned by the Contractor which may be incorporated in the design or operation of the Plant by the Contractor. In the event that the Contractor has utilized in its operation of the Plant, appliances or processes upon which it is obligated to pay royalties to others, the Contractor will endeavor to secure to the Government the right to the use, after the Contractor shall have ceased operating the Plant, of such appliances or processes on terms not less favorable to the Government than the terms of their use by the Contractor. This license shall not be assignable to any transferee of the Plant or any part thereof, and the Contractor reserves the privilege of

asserting any and all legal rights in and to such patented inventions, secret processes, technical information and know-how against any person, firm or corporation; provided, however, that the provisions of this Article shall not supersede or modify any existing agreements between the Contractor and the Government applying to any such inventions, processes, information or know-how.

ARTICLE III-S - STATUTORY PROVISIONS

It is understood that the respective undertakings to conform to the requirements of the several statutes hereinbefore referred to shall be operative only so long as and to the extent that such statutory requirements are applicable hereunder.

ARTICLE III-T- DEFINITIONS

1. The terms "Chief of Branch" refers to the Chief of Ordnance or The Quartermaster General.

2. The terms "The Secretary of War" or "Chief of Branch", shall include their duly authorized representatives as the case may be, other than the Contracting officer.

3. Except for the original signing of this contract, the term "Contracting Officer," shall include his duly appointed successor or authorized representative.

4. The term "Contracting Officer" as used herein refers to the Contracting Officer appointed by the Chief of Ordnance.

ARTICLE III-U - ALTERATIONS

The following changes were made in this contract before it was signed by the parties hereto:

Page 7, Paragraph 6, next to last word on next to last line "he" changed to "it".

Page 7, Paragraph 7, in 5th and 12th lines insert the words, "or Western's" after "own" in line 5, and "Contractors" in line 12, and in line 13 insert the words "or Western" after "Contractor."

Page 10, Article II A (b) change Title III to Title I.

With reference to page 11, Paragraph (k), it is understood that the amount of the deemed general expense shall be considered fixed but such amount includes expenses for general administration incurred by Contractor prior to the date when the first payment, if any, accrues and that such monthly payments are cumulative for the 20 month period and shall not be deemed to be necessarily expendable in the amount specified in each month.

Page 2, 3rd whereas clause, line 7, "design" changed to "layout".

IN WITNESS WHEREOF, The parties hereto have executed this contract in triplicate as of the day and year first above written.

THE UNITED STATES OF AMERICA

APPROVAL RECOMMENDED:

_____, 1940

/s/ C. M. Wesson
C. M. Wesson, Major Gen.
Chief of Ordnance

/s/ L. H. Campbell, Jr.
L. H. Campbell, Jr.
Brig. Gen., U. S. Army
(Contracting Officer)

Two witnesses as to
execution by the Contractor:

The United States Cartridge Company
(Contractor)

/s/ Sidney G. de Kay
Sidney G. de Kay
New York, N. Y.
(Address)
30 Rockefeller Plaza

By /s/ J. M. Olin
J. M. Olin, Pres.
East Alton, Illinois
(Business Address)

/s/ Grace L. Olsen
Grace L. Olsen
New York, N. Y. 30 Rockefeller Plaza
(Address)

APPROVED December 14, 1940
By direction of the Secretary of War

/s/ Robert P. Patterson
Robert P. Patterson
The Assistant Secretary of War

I, _____, certify that I am the Secretary of the Corporation named as Contractor herein; that J. M. Olin, who signed this contract on behalf of the Contractor was then President of said Corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

CORPORATE SEAL

(Signed) Spencer T. Olin
Spencer T. Olin

I hereby certify that, to the best of my knowledge and belief, based upon observation and inquiry, J. M. Olin, who signed this contract for The United States Cartridge Company, had authority to execute the same, and is the individual who signs similar contracts on behalf of this corporation with the public generally.

(Signed) L. H. Campbell, Jr.
L. H. Campbell, Jr.
Brig. Gen., U. S. Army

PERFORMANCE BOND

KNOW ALL MEN BY THESE PRESENTS, That we, THE UNITED STATES CARTRIDGE COMPANY, BALTIMORE, MARYLAND, a corporation organized and existing under the laws of the State of Maryland, as Principal, and WESTERN CARTRIDGE COMPANY, EAST ALTON, ILLINOIS, a corporation organized and existing under the laws of the State of Delaware, as Surety, are held and firmly bound unto the United States of America, hereinafter called the Government, in a penal sum unlimited in amount for the payment of which sum well and truly to be made, we bind ourselves, our heirs, executors, administrators, and successors, jointly and severally, firmly by these presents.

THE CONDITION OF THIS OBLIGATION IS SUCH, that whereas the principal entered into a certain contract No. W-ORD-491 hereto attached, with the Government, dated December 5, 1940, for

"Operation of a plant for the manufacture of Caliber .30 and Caliber .50 Small Arms Ammunition of all types."

NOW THEREFORE, If the Principal shall well and truly perform and fulfill all the undertakings, covenants, terms, conditions, and agreements of said contract during the original term of said contract and any extensions thereof that may be granted by the Government, with or without notice to the surety, and during the life of any guaranty required under the contract, and shall also well and truly perform and fulfill all the undertakings, covenants, terms, conditions and agreements of any and all duly authorized modifications of said contract that may hereafter be made, notice of which modifications to the surety being hereby waived, then, this obligation to be void; otherwise to remain in full force and virtue.

IN WITNESS WHEREOF, the above-bounden parties have executed this instrument under their several seals this 5th day of December, 1940, the name and corporate seal of each corporate party being hereto affixed and these presents duly signed by its undersigned representative, pursuant to authority of its governing body.

Attest:

THE UNITED STATES CARTRIDGE COMPANY
(Corporate Principal)
Baltimore, Maryland
(Business Address)

/s/ Sidney G. de Kay
Sidney G. de Kay, New York, N.Y.

By /s/ J. M. Olin
J. M. Olin, President

(Affix Corporate Seal)

Attest:

WESTERN CARTRIDGE COMPANY
(Corporate Surety)
East Alton, Illinois
(Business Address)

/s/ Sidney G. de Kat
Sidney G. de Kat, New York, N.Y.

By /s/ J. M. Olin
J. M. Olin, Vice-President

(Affix Corporate Seal)

CERTIFICATES AS TO CORPORATE PRINCIPAL

I, Spencer T. Olin, certify that I am the Secretary of the corporation named as principal in the within bond; that J. M. Olin, who signed the said bond on behalf of the principal, was then Vice-President of said corporation; that I know his signature, and his signature thereto is genuine; and that said bond was duly signed, sealed, and attested for and in behalf of said corporation by authority of its governing body.

/s/ Spencer T. Olin
Spencer T. Olin (Corporate Seal)

CERTIFICATE AS TO CORPORATE SURETY

I, Spencer T. Olin, certify that I am the Secretary of the corporation named as surety in the within bond; that J. M. Olin, who signed the said bond on behalf of the surety, was then Vice-President of said corporation; that I know his signature, and his signature thereto is genuine; and that said bond was duly signed, sealed, and attested for and in behalf of said corporation by authority of its governing body.

/s/ Spencer T. Olin
S - m - 1 - 0

ARMY AND NAVY MUNITIONS BOARD
MUNITIONS BUILDING
Washington, D. C.

August 12, 1940

To be included as part of all Army and Navy contracts or purchase orders for which a preference rating is necessary.

PREFERENCE RATING OF THIS CONTRACT OR ORDER.

1. The Army and Navy Munitions Board preference rating assigned to this contract is "ANMB preference A-1".
(Insert rating here)

2. This rating will be placed conspicuously on all subcontracts issued by you and on all orders for materials, services, machine tools, or other items contributory to this contract.

3. The purpose of the preference system is to insure deliveries on the dates specified in the contracts, subcontracts and purchases. In case of conflicts between or among two or more orders, the preference ratings indicate which one is to receive precedence in performance. This is to be interpreted to mean that the highest preference contract will not necessarily be worked on first, but that the highest preference must be completed at the delivery date specified at the expense of all lower preference. Advantage will not be taken of a high preference rating to secure deliveries of materials, tools, etc., far in advance of their need or in greater quantities than required for that contract.

4. All contractors, subcontractors and their suppliers are requested to report to the contracting officer or the inspector any abuses of the procedure as outlined herein. It is expected that the individual members of industry will freely cooperate in this matter so that the common objectives can be obtained with the minimum amount of government interference with the internal operations of industry.

5. When and where there is no shortage in the available supply, nothing in these instructions should be construed to discourage deliveries earlier than those asked for by the purchaser.

6. a. If the completion of this contract, despite the preference rating assigned herein, is, or threatens to be, delayed due to inability to secure essential materials, supplies, services, or

production machinery, the contractor will report the facts to, and request assistance of the Priorities Committee, Army and Navy Munitions Board. This report shall contain the following information:

Army or Navy Contract; Number W-ORD-491; Preference Rating A-1 ;
Dated Dec. 5, 1940 ; Signed by L. H. Campbell, Jr., Brig. Gen., U. S. Army
Delivery Date Within 25 months from date of contract ;
For Manufacture of following quantities of ammunition ;
(Items and quantities)

300,000,000	rounds	Cartridges, Ball, Cal.	.30 M2
100,000,000	"	" , Tracer "	.30 M1
280,000,000	"	" , Armor Piercing, Cal.	.50 M2
53,000,000	"	" , Tracer Cal.	.50 M1

Brief comments justifying your request for assistance and indicating the nature, location, and extent of difficulties being experienced.

b. Copies of this report shall be furnished the government inspector and the contracting officer.

c. If the request for assistance is approved by the Priorities Committee, such other assistance will be given as may be appropriate and practicable.

L. H. CAMPBELL, JR.
Brig. Gen., U. S. Army
Contracting Officer